

MEMORANDUM



To: AWBA Commission Members
From: Virginia O’Connell
Subject: Report on Administration Budget
Date: September 18, 2019

AUTHORITY MEMBERS
Thomas Buschatzke, Chairman
Ray L. Jones, Vice-Chairman
Kathryn A. Sorensen, Secretary
Alexandra Arboleda
Mark Clark

EX OFFICIO MEMBERS
The Honorable Karen Fann
The Honorable Gail Griffin

Reimbursement for Cost of Services

Pursuant to Arizona Revised Statutes (A.R.S.) § 45-2424, the Arizona Department of Water Resources (ADWR) provides administrative, technical and legal support to the AWBA to the extent requested by the AWBA. Staff hired to support the needs of the AWBA are employees of ADWR. Each year ADWR submits a budget to the AWBA that identifies the estimated cost of providing the requested services to the AWBA for the following fiscal year. The AWBA may adjust its request for services, or adopt the budget provided if satisfied. The AWBA is responsible for reimbursing ADWR based on the actual costs for services provided during the fiscal year in accordance with the budget adopted. The AWBA also pays a cost of services to the Central Arizona Water Conservation District (CAWCD). Costs paid to CAWCD are defined by agreement and included in the AWBA’s annual administration budget. The services provided by ADWR and CAWCD, as well as the annual cost of services paid to CAWCD, are described in an intergovernmental agreement (IGA) among the AWBA, ADWR and CAWCD.¹

Monies in the Administration subaccount of the Arizona Water Banking Fund (AWB Fund) are used to reimburse ADWR and CAWCD for services provided. The Administration subaccount has historically been funded from interest accrued on other subaccounts in the AWB Fund such as the withdrawal fees and appropriations, as well as interest accrued on the water storage tax held by CAWCD.

Staffing

The AWBA currently has two full-time employees (FTEs): a manager and technical administrator. Additionally, the AWBA reimburses ADWR for half an FTE for legal support. ADWR has also contracted with Henley Consulting to support AWBA activities as needed. In addition to dedicated FTEs, the AWBA also receives technical and administrative support from ADWR consistent with activities allowed as indirect costs

¹ The most recent IGA was executed on January 3, 2019 and expires December 31, 2029.

under the Office of Management and Budget Circular A-87. These include activities such as hydrologic analyses, modeling, and financial and information technology services, etc.

The AWBA has the authority to request additional FTEs from ADWR to support AWBA activities as necessary. These could include, but are not limited to, circumstances when the AWBA is given new authorities or special projects that result in increased workload, when indirect cost services are limited or unavailable, or for succession planning. However, it is important to note that any change in the staffing requirements of the AWBA would not change the number of FTEs approved by the Arizona Legislature for ADWR. Therefore, a request for additional staffing would be subject to FTE availability.

There have been times in the past when the AWBA requested and received additional staffing as part of its annual budget adoption process. For example, requests have included full-time support for work related to Tribal water right claims and interstate banking, full-time administrative support, part-time support for financial accounting services that could not be provided during the State's economic downturn, and transitional staffing for succession planning purposes. While the AWBA continues to be involved in recovery planning efforts, staff time for this purpose has been offset by the reduction in workload related to water storage, given the lack of excess CAP water as well as reduced requests for storage of Nevada's unused Colorado River entitlement. Therefore, present staffing levels are sufficient to support AWBA activities. Should situations change, additional FTEs may be justified and requested either through an amendment of the current cost of services or under the administrative budget that is approved for the following fiscal year.